

**Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve
Quarterly Report**

Council

Presenter: Joanne Wandel, QVMPR Program Director

28 May 2019

Purpose and background

1. The purpose of this report is to provide a progress update to Council on the Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve for the period ending 28 February 2019.

Key issues

2. Total QVMPR funding approved since the establishment of the Reserve in December 2015 is \$95.272 million. Of the total funding approved, \$36.715 million has been returned as a consequence of underspent budget in 2017-18 and 2018-19, bringing the revised Reserve funding to \$58.557 million. The return of this funding does not affect the overall QVMPR Program net budget which remains at \$250 million. With the total QVMPR Program expenditure to date at \$21.228 million, the Reserve balance at 28 February 2019 is \$37.329 million. Refer Attachment 2 and Attachment 3 for a breakdown of the Reserve balance and program expenditure.
3. The key project elements delivered by the QVMPR Program for the period December 2018 to February 2019 include:
 - 3.1. Construction of the community facilities, market car park and affordable housing as part of the Munro development is ongoing with demolition and façade retention works completed in February. The development will deliver \$70 million in community facilities, 500 market carparks and 56 affordable housing units.
 - 3.2. The Queen Victoria Market People's Panel Report was presented to the Future Melbourne Committee (FMC) on 10 December 2018. The People's Panel was set up to deliberate on options for the provision of market infrastructure and car parking. The FMC resolved that management immediately progress seven of the People's Panel recommendations, requested management undertake analysis on a further three recommendations, and referred three recommendations to Queen Victoria Market Pty Ltd. Council also requested that management:
 - 3.2.1. investigate 500 car parking bays in the precinct additional to the 500 in the Munro development, as well as the People's Panel minority report; and
 - 3.2.2. provide a report in the first quarter of 2019 with analysis of the People's Panel recommendations including their impact on the Business Case and Implementation Framework.
 - 3.3. Two new design options have been developed for the delivery of market infrastructure in response to the FMC resolution on 10 December 2018. These options focused on delivering infrastructure in G Shed and Queen Street and were developed by a project team which included senior Council staff, colleagues from Queen Victoria Market Pty Ltd, and consultants with expertise in architecture, engineering, cost planning and scheduling.
 - 3.4. An Options Paper has been developed by SGS Economics and Planning to analyse the new options against the approved business case. This was supported by other activities in the quarter including updating cost plans and Queen Victoria Market Pty Ltd revenue models, and reviewing of the overall program sequencing.
 - 3.5. Planning for the on-site repair, conservation and restoration of the market's open air heritage sheds is a key renewal project and a recommendation included in the People's Panel Report. Heritage architects and specialist technical consultants completed an audit of Sheds A-D and H and I, and an audit of upper market Sheds E to M occurred in February 2019.
 - 3.6. Works to improve the safety and appearance of the market, and to provide better amenity for traders and customers, continue to be delivered on site in accordance with the QVMPR Program Implementation Framework:
 - 3.6.1. Planning for a pedestrian friendly plaza in Queen Street (between the toilet block and F to M Sheds), to present a more inviting entry, atmosphere and amenity in accordance with Recommendation 8 of the People's Panel Report.
 - 3.6.2. New festoon lighting was installed in front of the Victoria Street shopfronts to improve the atmosphere, visual appearance and customer experience.
 - 3.6.3. A public tender was published in The Age newspaper on Saturday 23 February calling for the supply, installation and commissioning of organic waste management equipment at the market to be trialled on site in 2019-20.
 - 3.7. The installation for 12 temporary new trader containers in String Bean Alley, completing the laneway and creating a two-sided retail strip has been planned. The new containers will add more retail space and allow for an expanded retail offer at the market, providing weather protection and storage for traders, while attracting more customers to this part of the market. Tender submissions were received from prospective contractors to undertake the fabrication and delivery of the containers prior to the 21 February 2019 submission deadline.

Recommendation from management

4. That Council accepts the Queen Victoria Market Precinct Renewal Program Reserve report as at 28 February 2019 which shows a reserve balance of \$37.329 million.

Attachments:

1. Supporting Attachment (Page 3 of 5)
2. Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary (Page 4 of 5)
3. Queen Victoria Market Precinct Renewal (QVMPR) Program Expenditure Summary (Page 5 of 5)

Supporting Attachment

Legal

1. Whilst no direct legal issues arise from the recommendation from management, legal advice has and will continue to be provided on all aspects of the QVMPR Program.

Finance

2. Financial implications applicable to the QVMPR Program are contained in the body of this report.

Conflict of interest

3. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Occupational Health and Safety

4. In developing this report, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

5. Internal consultation with relevant branches of Council has been undertaken in the preparation of this report.

Environmental sustainability

6. Delivery of the QVMPR Program will allow for the development of a sustainable Queen Victoria Market which is guided by a Precinct Sustainability Plan, rated through the use of the Green Star – Communities tool and which delivers on the six sustainability principles detailed in the QVMPR Master Plan.

Queen Victoria Market Precinct Renewal (QVMPR) Program Reserve Summary

Item	Authorisation for inclusion in QPR	QVM Renewal Project Funding (\$m)
2013-14 Underlying Surplus	Council resolution (29 April 2014)	1.200
2014-15 Annual Plan and Budget allocation	Council adopted budget (24 June 2014)	0.500
2014-15 Gains from the sale of surplus or redundant land holdings.	Council resolution (29 April 2014)	1.477
2014-15 Once off contribution from higher than budgeted underlying surplus	Council resolution (25 August 2015)	8.000
2015-16 Annual Plan and Budget allocation	Council adopted budget (30 June 2015)	4.635
2016-17 Gains from the sale of the City Square Car park	Council resolution (29 April 2014)	30.625
2016-17 Once-off contribution from higher than budgeted underlying Surplus	Council resolution (25 August 2015)	0.889
2017-18 Annual plan and Budget allocation	Council adopted budget (30 June 2017)	28.161
2018-19 Annual plan and budget allocation	Council adopted budget (30 June 2018)	19.785
Total funding approved to date*		95.272
Less 2017-18 Annual plan and Budget allocation unspent		-22.351
Less adjustment to 2018-19 Annual Budget (1st & 2nd Quarters)	Council Resolutions (27 November 2018 and 26 February 2019)	-14.364
Total funding approved after funding returns*		58.557
Item		QVM Renewal Project Expenditure (\$m)
2014-15 QVM Renewal expenditure to 30 June 2015		-2.306
2015-16 QVM Renewal expenditure to 30 June 2016		-4.262
2016-17 QVM Renewal expenditure to 30 June 2017		-5.350
2017-18 QVM Renewal expenditure to 30 June 2018		-5.810
2018-19 QVM Renewal expenditure to 28 February 2019		-3.500
Total expenditure to date*		-21.228
Remaining reserve balance as at 28 February 2019 <i>*excluding the Munro site acquisition</i>		\$37.329

Queen Victoria Market Precinct Renewal (QVMPR) Program Expenditure at 28 February 2019

Area	Business Case Budget (\$m)	Program Total Expenditure (\$m)	FY 18/19 YTD Expenditure (\$m)
Transitional trader accommodation and precinct enhancement projects	6.801	1.639	0.227
QUARTER 1 (Sheds H and I, Meat, Fish and Dairy Halls, Food Court and Terraces)	43.528	0.057	0.041
QUARTER 2 (Sheds A – E and Terraces)	107.913	3.228	1.009
QUARTER 3 (Sheds J - M, String Bean Alley and Future Public Spaces)	83.669	0.304	0.175
QUARTER 4 (Munro and Southern Development mixed use sites)	39.750	0.463	0.012
Utilities and contaminated soil removal	6.393	0.652	-
Program delivery	20.710	14.886	2.035
GROSS TOTAL	308.764	21.228	3.500
Revenue from asset sales	(70.000)	-	-
NET TOTAL	238.764	21.228	3.500